
TESTIMONY
House Energy Policy Committee
September 16th, 2015

Byrd - Good morning Chairman Nesbitt and ladies and gentlemen of the Committee.

On behalf of the Michigan Energy Efficiency Contractors Association (MEECA), I thank you for the opportunity to have the voice of Michigan's energy efficiency contractors heard. My name is Brindley Byrd, executive director of MEECA.

MEECA's primary purpose is to advocate that Michigan have the most robust, reliable, qualified and predictable energy efficiency industry in the nation. We are working in several different areas to build an integrated energy efficiency market as you can see in this bubble graphic on slide 3.

You may recall MEECA testified back in April our strong opposition to HB4297 as introduced. Stating that the bill would drive Michigan's energy efficiency industry into a brick wall.

Chairman, we would like to acknowledge your efforts in HB4297 (H-2) to avert significant near term disruption to this growing market with provisions extending the current energy optimization programs to the end of 2018. This comes as some relief.

We would like to again state that the utility-based rebate programs are a cornerstone of Michigan's energy efficiency industry. Many of our members view these programs as true partners to their business. We have long advocated ways to expand these programs continuing the positive impact they have had to your constituents.

As an example of this impact can be seen in the robust energy savings our schools are now realizing as a direct result of PA295. MEECA utilized its membership to assemble and aggregate data on savings in K-12 and post-secondary schools. Special thanks goes to DNV GL for their work compiling the data. You can see starting on slide 4 that 735 schools in 465 participating school

districts save over \$12-million a year on energy costs – money taxpayers save each and every year. Savings that in fact grows as the price of energy increases, as it does, over time.

Slide 5 shows that 72 colleges or universities also participated in utility rebate programs saving \$6.4-million on annual energy costs. This savings could pay the in-state tuition for 558 students.

Now, you can see from our card today, that MEECA is neutral on the revised bill. We certainly appreciate that predictability is preserved for at three-years. Our support is withheld due to nagging uncertainty of what happens after 2018.

Language granting exception to compliance with the current and extended EO provisions for utilities that submit an IRP according to the significantly reworded section 460.6t of HB4298 (H-2) indicates further that there is no requirement to actually deploy energy efficiency.

Additionally, as section 460.6t applies only to electric utilities, we are questioning then how do natural gas utilities continue operating their energy efficiency programs after 2018? Here is where we are supportive of provisions in Senate Bill 438 that continues the gas programs. Another consideration is that the demand for natural gas is poised to increase due to the Clean Power Plan and hopeful success of House Bill 4303 expanding gas distribution lines. Michigan gas customers will be looking for more gas energy efficiency as this increased demand for gas drives gas prices.

In testimony we provided to the Senate Energy Policy Committee on August 19th of this year, we unequivocally stated that without the minimum energy savings goals established in PA295, Michigan schools and citizens would not be realizing the many benefits yielded from our energy optimization programs that we currently do. Utilities just don't do energy efficiency without incentives.

We also stated that increasing energy efficiency can be done without a mandate.

For the past several months, MEECA has been working on our two-tiered incentive model moving

these discussions away from mandates and towards incentives.

We see some significant advantages to this approach.

First, this protects the energy efficiency infrastructure established in PA295 that has delivered reliable savings for over five years. This infrastructure provides transparent delivery of energy savings that can be accurately accounted for.

Second, this approach allows for flexibility between utilities, and within a utility, to design and incorporate energy efficiency programs into their integrated resource plan.

Third, utilities are not limited on the amount of energy efficiency they can incorporate into their IRP. The self-imposed spending limits have long been an issue for MEECA.

Lastly, understanding as our members do, that utilities have to financially viable, the ability for them to earn higher incentives for higher levels of energy efficiency delivery is a tactic that we can see securing a better policy for Michigan past 2018.

I am sure that our continued efforts working together can lead to a bill that we can fully support.

Thank you again for this opportunity to have the voice of Michigan's energy efficiency contractors heard. I am happy to take any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brindley Byrd', with a stylized, cursive script.

Brindley Byrd
Executive Director